

MAR MAC DRIFTLESS AREA WETLANDS CENTRE

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

MAR MAC DRIFTLESS AREA WETLANDS CENTRE

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MAR MAC DRIFTLESS AREA WETLANDS CENTRE

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ryan Johnson	President	June 30, 2011
Dawn Colsch	Vice President	June 30, 2011
Donna Kinley	Secretary	June 30, 2011
Rinda Fegruson	Treasurer	June 30, 2012
Larry Brummel	Board Member	June 30, 2012
Dean Hilgersen	Program Manager	Indefinite
Ann E. H. Loomis	Attorney	Indefinite

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Mar Mac Driftless Area Wetlands Centre

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mar Mac Driftless Area Wetlands Centre (a 28E Organization) as of and for the year ended June 30, 2011, which collectively comprise the Centre's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Mar Mac Driftless Area Wetlands Centre's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of the Mar Mac Driftless Area Wetlands Centre as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

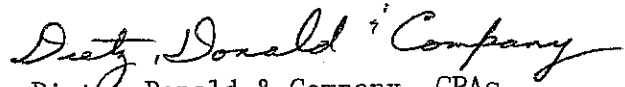
In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2011 on our consideration of the Mar Mac Driftless

Area Wetlands Centre's internal control over financial reporting, and our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 9 and 18 and 19 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Elkader, Iowa

November 3, 2011


Dietz, Donald & Company, CPAs
FEIN 42-1172392

Mar Mac Driftless Area Wetland Centre

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mar Mac Driftless Area Wetlands Centre provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Centre's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Receipts of the Centre's governmental activities increased 45.7%, or approximately \$ 53,000 in fiscal year 2011 from the period ended June 30, 2010. Government grants decreased approximately \$ 1,000, while grants from nonprofit organizations increased approximately \$ 56,000.
- Disbursements of the Centre's governmental activities increased 51.2%, or approximately \$ 34,000. Construction design and engineering disbursements increased approximately \$ 19,000 and fund raising and grant writing disbursements were approximately \$ 15,000.
- The Centre's total cash basis net assets increased 137%, or approximately \$ 68,000 from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Centre's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the Centre as a whole and presents an overall view of the Centre's finances.

The Fund Financial Statement tells how governmental services are financed in the short term as well as what remains for future spending. The fund financial statement reports the Centre's operations in more detail than the government-wide statement.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Centre's budget for the year.

Basis of Accounting

The Centre maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Centre are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CENTRE'S FINANCIAL ACTIVITY

Government-wide Financial Statement

The Statement of Activities and Net Assets presents the Centre's net assets. Over time, increases and decreases in the Centre's net assets may serve as a useful indicator of whether the financial position of the Centre is improving or deteriorating.

The Statement of Activities and Net Assets presents the Centre's one governmental activity, culture and recreation.

Fund Financial Statement

The Centre has only one fund, which is a governmental fund. This focuses on how money flows into and out of that fund, and the balance at the year-end that is available for spending. The governmental fund financial statement provides a detailed, short-term view of the Centre's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Centre's programs.

The required financial statement for the governmental fund includes a statement of cash receipts, disbursements and change in cash balance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The Centre's cash balance was \$ 118,170 at the end of the current year as compared to \$ 49,885 at June 30, 2010.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)

	Year Ended June 30, <u>2011</u>	Period Ended June 30, <u>2010</u>
Receipts:		
Program receipts:		
Operating grants and contributions \$	-	\$ 61
Capital grants and contributions	<u>169</u>	<u>56</u>
Total receipts	169	117
Disbursements:		
Culture and recreation	<u>101</u>	<u>67</u>
Change in cash basis net assets	68	50
Cash basis net assets beginning of period	<u>50</u>	<u>-</u>
Cash basis net assets end of period	<u><u>\$ 118</u></u>	<u><u>\$ 50</u></u>

GOVERNMENTAL FUND ANALYSIS

Mar Mac Driftless Area Wetlands Centre's June 30, 2011 governmental fund balance was \$ 118,171 as compared to \$ 49,885 at June 30, 2010.

BUDGETARY HIGHLIGHTS

The Centre did not amend its budget during the year. Actual disbursements were \$ 8,961 less than the amount budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Mar Mac Driftless Area Wetlands Centre's appointed officials and citizens considered many factors when setting the fiscal year 2012 budget and assessments that will be charged to Marquette and McGregor for operations. It was decided that no additional assessments would be required of the participating cities in fiscal 2012.

CONTACTING THE CENTRE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers of McGregor, Marquette and the MFL Mar Mac School District with a general overview of the Centre's finances and to show the Centre's accountability for the money it receives. If you have any questions about this report or need additional information, contact Rinda Ferguson, Treasurer, 88 North Street, Marquette, Iowa.

BASIC FINANCIAL STATEMENTS

MAR MAC DRIFTLESS AREA WETLANDS CENTRE
STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS
As of and for the Year Ended June 30, 2011

	<u>2011</u>
Disbursements:	
Culture and recreation	\$ 101,189
Program receipts:	
Capital grants and contributions	<u>169,270</u>
Net receipts	68,081
General receipts:	
Unrestricted interest on investments	<u>204</u>
Change in cash basis net assets	68,285
Cash basis net assets beginning of year	<u>49,885</u>
Cash basis net assets end of year	<u><u>\$ 118,170</u></u>
 Cash Basis Net Assets:	
Restricted, expendable	
Capital projects	\$ 82,467
Unrestricted	<u>35,703</u>
Total cash basis net assets	<u><u>\$ 118,170</u></u>

See notes to financial statements.

MAR MAC DRIFTLESS AREA WETLANDS CENTER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
GOVERNMENTAL FUND
As of and for the Year Ended June 30, 2011

	<u>2011</u>
Receipts:	
Intergovernmental	\$ 109,271
Use of money and property	204
Miscellaneous	<u>60,000</u>
Total receipts	<u>169,475</u>
Disbursements:	
Operating:	
Administrative	20,139
Construction design and engineering	<u>81,050</u>
Total disbursements	<u>101,189</u>
Net change in cash balances	68,286
Cash balance beginning of year	<u>49,885</u>
Cash balance end of year	<u><u>\$ 118,171</u></u>
 Cash Basis Fund Balance	
Restricted for:	
Capital projects	\$ 82,467
Unrestricted	<u>35,703</u>
Total cash basis fund balance	<u><u>\$ 118,170</u></u>

See notes to financial statements.

MAR MAC DRIFTLESS AREA WETLANDS CENTRE
Notes to Financial Statements
June 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mar Mac Driftless Area Wetlands Centre is a political subdivision of the State of Iowa located in Clayton County. It was first incorporated in 2009 and operates under Chapter 28E of the Code of Iowa. The Centre is governed by a five member board. The cities of Marquette and McGregor each appoint two board members, who are currently residents of the City making the appointment. The appointments are made by the Mayor, subject to approval by a majority vote of the Council. One Board Member shall be appointed by the Superintendent and approved by the Board of Directors of MFL Mar Mac Community School District. The Board Member appointed by the School shall be a resident of the School's District, but not an elected official of either Marquette or McGregor. If the School chooses to waive their right to appoint a Board Member, an at large board member may be appointed by the four city appointed board members.

The purpose of the Centre shall be to provide social, educational and recreational opportunities for area residents, youth and visitors. The functions of the Centre shall include a multi-use community facility and arts venue, a nature center focusing on area ecosystems, and eventually, a trail head for area pedestrian and cycling trails.

A. Reporting Entity

For financial reporting purposes, the Mar Mac Driftless Area Wetlands Centre has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Centre are such that exclusion would cause the Centre's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on the organization or (2) the potential for the organization to provide specific financial burdens on the District. The Mar Mac Driftless Area Wetlands Centre has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the activities of the Centre and presents all of the Centre's cash basis net assets.

Net assets are reported in the following categories/components:

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Investment income not properly included among program receipts is reported instead as a general receipt.

Fund Financial Statement - A separate financial statement is provided for the governmental fund. The Centre's only governmental fund is the General Fund. The General Fund is the general operating fund of the Centre. All receipts from the participating cities and school district and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

C. Measurements Focus and Basis of Accounting

The Mar Mac Driftless Area Wetlands Centre maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Centre are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly,

the financial statements do not present financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles.

D. Governmental Cash Basis Fund Balance

In the governmental fund financial statement, the cash basis fund balance is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the restricted classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) CASH

The Centre's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Centre is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered openend management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Centre has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) RISK MANAGEMENT

The Mar Mac Driftless Area Wetlands Centre is exposed to various risks of loss related to torts; theft, damage to and destruction

of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Centre assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims have not exceeded commercial coverage during the past two years.

(4) LEASE AGREEMENT

The City of Marquette shall lease for a term of fifty years to the Centre a parcel of real estate approximately two acres in size located within a larger city-owned parcel, commonly referred to as the "Round-house Property". The rental amount to be paid shall be the sum of \$ 1 per year. The Centre shall be deemed the owner of the building and all other improvements constructed on the leased premises. Upon termination of the lease, all permanent improvements constructed on the leased premises shall become the property of the City. The City shall provide municipal water and sanitary sewer services to the Centre at no charge during the term of the lease. Said lease shall automatically terminate without need for notice upon termination of the 28E agreement.

(5) CONTRACT COMMITMENT

The Centre has entered into a contract for \$ 97,450 for construction of the wetlands centre. As of June 30, 2011, costs of \$ 56,830 had been incurred against the contract. The balance of \$ 40,620 will be paid as work on the project progresses.

Required Supplementary Information

MAR MAC DRIFTLESS AREA WETLANDS CENTRE
 BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE: -
 BUDGET AND ACTUAL CASH BASIS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2011

	Actual	Budgeted Amount	Budget Amount to Actual Variance
Receipts:			
Intergovernmental	\$ 109,271	110,000	(729)
Use of money and property	204	-	204
Miscellaneous	60,000	-	60,000
Total receipts	169,475	110,000	59,475
Disbursements:			
Culture and recreation	101,189	110,150	8,961
Excess of receipts over disbursements	68,286	(150)	68,436
Balance beginning of year	49,885	49,885	-
Balance end of year	\$ 118,171	49,735	68,436

See accompanying independent auditor's report and notes to required supplementary information-budgetary reporting.

MAR MAC DRIFTLESS AREA WETLANDS CENTRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund.

In accordance with the 28E agreement creating the Mar Mac Driftless Area Wetlands Centre, the Cities shall appropriate and pay to the Centre each fiscal year 50% of the Centre's budget for that year to the extent funds are not made available from other sources. The Cities may subsequently agree to provide further appropriations. On or before November 1 of each year during the term of the 28E agreement, the Board shall adopt and submit to each city a proposed budget for the next fiscal year. The proposed budget shall set forth the total dollar amount to be appropriated to the Centre by each city. The council of each city shall then consider and either approve or reject said budget request, or any amended budget request, by no later than January 1. If either council fails to approve the budget request by January 1, the two city councils and the Board shall meet in joint session during January to discuss and negotiate concerning the budget for the next fiscal year. If the Board and both city councils fail to agree upon and approve a budget for the next fiscal year by February 1, the 28E agreement automatically terminates.

The Centre shall have full authority to apply for and receive grants for facilities construction and programming but no such grants shall obligate the Centre or either City to contribute or expend non-grant monies beyond amounts included in an approved budget. Any budget surplus shall be carried over and used to reduce payments by the cities for the next fiscal year's budget.

The Centre shall have no power to impose any tax of any nature, nor pledge the credit of either City or the school, nor incur any debt or other financial obligation, the payment of which has not been provided for in the current or an approved future budget.

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
of the Mar Mac Driftless Area Wetlands Centre

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mar Mac Driftless Area Wetlands Centre (a 28E Organization) as of and for the year ended June 30, 2011, which collectively comprise the Centre's basic financial statements listed in the table of contents and have issued our report thereon dated November 3, 2011. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Mar Mac Driftless Area Wetlands Centre's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mar Mac Driftless Area Wetlands Centre's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would

not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mar Mac Driftless Area Wetlands Centre's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

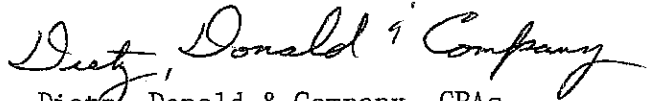
Comments involving statutory and other legal matters about the Centre's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Centre. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, participating entities, and citizens of the Mar Mac Driftless Area Wetlands Centre and other parties to whom the Mar Mac Driftless Area Wetlands Centre may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by officials of the Mar Mac Driftless Area Wetlands Centre during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

November 3, 2011


Dietz, Donald & Company, CPAs
FEIN 42-1172392

MAR MAC DRIFTLESS AREA WETLANDS CENTRE
SCHEDULE OF FINDINGS
Year Ended June 30, 2011

Findings Related to Required Statutory Reporting:

1. **Certified Budget** - Disbursements for the period ended June 30, 2011 did not exceed the amounts budgeted.
2. **Questionable Disbursements** - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
3. **Travel Expense** - No disbursements of Centre money for travel expenses of spouses of Centre officials were noted.
4. **Business Transactions** - No business transactions between the Centre and Centre officials were noted.
5. **Bond Coverage** - Surety bond coverage of Centre officials is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. **Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.
7. **Deposits and Investments** - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Centre's investment policy were noted.